

Message Text

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42

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
----- 100187

P 191421Z DEC 75

FM AMEMBASSY DAMASCUS

TO SECSTATE WASHDC PRIORITY 5614

AMEMBASSY JIDDA PRIORITY

C O N F I D E N T I A L SECTION 1 OF 2 DAMASCUS 5088

STADIS////////////////////////////////////

EXDIS

JIDDA FOR ASST. SECRETARY ATHERTON

STATE PASS TO AID ASST ADMINISTRATOR NOOTER

E.O. QQYTCW GDS

TAGS: EAID, PFOR, ETRD, SY

SUBJECT: ARAB BOYCOTT: SARG MINECON FORESEES DIFFICULT
PROBLEMS FOR AID PROGRAM

1. SUMMARY: SARG MINECON IMADI AWARE OF REASONS FOR
RECENT US STATEMENTS AND ACTIONS ON BOYCOTT ISSUES, AND
UNDERSTANDS WE WISH TO CONTINUE TO MAXIMIZE OPPORTUNI-
TIES FOR US-SYRIAN COMMERCIAL TRADE UNDER NEW GUIDELINES. HE IS
SERIOUSLY CONCERNED HOWEVER, RE HIS ABILITY TO GET ALL BOYCOTT
LANGUAGE PULLED OUT OF ALL DOCUMENTATION RELATING TO OUR OFFICIAL
ASSISTANCE (AID AND PL 480). IN DISCUSSION OF ISSUE DECEMBER
18, IMADI SAID HE HAD BEEN "SEVERELY CRITICIZED" FOR PURGING
PL 480 TENDERS OF BOYCOTT LANGUAGE LAST MAY. IMADI STATED
SOME IN SARG MAY PRESS FOR REFUSAL OF ANY US ASSISTANCE
BECAUSE OF OUR LEGAL REQUIREMENT NOT TO ACCEPT ANY BOYCOTT
LANGUAGE. I BELIEVE WE ARE FACING RISK OF OVERTURNING
ENTIRE BILATERAL ECONOMIC EFFORT WE HAVE NURTURED SINCE MID-
1974 AND SUCH EVENT COULD NOT HELP BUT HAVE NEGATIVE POLITICAL
EFFECT ON OUR ME PEACE EFFORTS. GUIDANCE REQUESTED BELOW ON
HOW WE AND SYRIANS MAY CONTINUE TOGETHER TO SEEK WAYS TO
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RELIEVE PROBLEMS POSED BY BOYCOTT AS THEY RELATE TO OUR

OFFICIAL ASSISTANCE. END SUMMARY.

2. DRAWING ON VARIOUS GUIDANCE MESSAGES RELATING TO PRESIDENT FORD'S NOV 20 STATEMENT AND COMMERCE NOV 26 CIRCULAR NO. 21, AMBASSADOR BRIEFED SARG MINISTER OF ECONOMY AND FOREIGN TRADE, DR. MOHAMMAD IMADI, DECEMBER 18 ON NEW ASPECTS OF EXECUTIVE BRANCH EFFORT AGAINST ALLEGED OR POSSIBLE ETHNIC OR RELIGIOUS DISCRIMINATION RELATED TO FOREIGN BOYCOTTS. IMADI AND DEPMIN AZMEH (FINANCE AND BANKING) WERE WELL AWARE OF AND CONCERNED OVER STATEMENT AND CIRCULAR, CITING AS SPECIFIC CASE SYRIAN INVOLVEMENT IN UNION BANQUE ARABE ET FRANCAISE (UBAF) AND ITS BRANCH IN NEW YORK.

3. AMBASSADOR NOTED THAT WE DO NOT EXPECT OUR PRIVATE COMMERCIAL RELATIONS TO BE SIGNIFICANTLY AFFECTED BY THE RECENT MOVES. OUR NEW WORLDWIDE INSTRUCTIONS WOULD NOT RPT NOT INVOLVE ANY SIGNIFICANT CURTAILMENT OF OUR TRADE PROMOTION ACTIVITIES AND THAT WE WISH TO CONTINUE TO MAXIMIZE OPPORTUNITIES FOR US-ARAB (SYRIAN) TRADE WHILE COMPLYING WITH EXISTING US LEGISLATION.

4. TURNING TO OUR OFFICIAL BILATERAL ECONOMIC RELATIONS, AMBASSADOR DISCUSSED POTENTIAL SERIOUS PROBLEMS IN FUTURE UNDER OUR OFFICIAL ASSISTANCE PROGRAMS (AID AND PL 480) IN THAT WE COULD NOT FINANCE SUCH COMMODITY AND TECHNICAL SERVICES ASSISTANCE IF ANY DOCUMENTATION INVOLVED CONTAINED BOYCOTT LANGUAGE. IMADI SAID HE WAS FULLY AWARE OF OUR PROBLEM. HE RECALLED THAT WHEN HE HAD AGREED TO OUR REPRESENTATIONS LAST MAY TO PULL BOYCOTT LANGUAGE OUT OF TWO FY 75 PL 480 TENDERS (WHEAT AND RICE), HE HAD BEEN "SEVERELY CRITICIZED" BY SOME CIRCLES IN SARG. (COMMENT: WHILE RICE PURCHASING ORGANIZATION, TAFCO, IS UNDER IMADI'S MINISTRY, CEREALS OFFICE, FOR WHEAT, IS UNDER MINISTER OF SUPPLY AND INTERNAL TRADE, AHMAD KABALAN, WHO IN OUR OPINION IS HARDLINE BAATHI. WE WERE PRESENT WHEN IMADI CALLED KABALAN AND THROUGH ARM-TWISTING AND "TAKING PERSONAL RESPONSIBILITY" HE GOT KABALAN TO ACCEPT REMOVAL OF BOYCOTT LANGUAGE FROM PL 480 WHEAT TENDR. IT APPEARS THAT KABALAN DID NOT LET THE MATTER DROP QUIETLY AFTER HIS AGREEMENT.)

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5. AMBASSADOR URGED THAT OUR TWO GOVERNMENTS CONTINUE TO SEEK WAYS TO RELIEVE PROBLEMS POSED BY THE BOYCOTT AND PARTICULARLY SINCE AID WEILL BE MOVING WITHIN NEXT MONTH TO BID AWARDING AND L/C STAGE UNDER OUR \$30 MILLION COMMODITY IMPORT PROGRAM LOAN. (BIDS FOR FIRST \$10 MILLION WERE OPENED LAST WEEK.)

6. IMADI REPLIED THAT THERE ARE SOME IN SARG WHO WOULD SAY THAT IF USG IS TO MAINTAIN THIS POSITION ON BOYCOTT,"THEN

SYRIA SHOULD REFUSE ALL AMERICAN AID." AMBASSADOR NOTED THAT THIS, OF COURSE, WOULD PLAY DIRECTLY INTO THE HANDS OF SYRIA'S DETRACTORS AND THOSE WHO WISH TO DESTROY NEWLY ESTABLISHED US-SYRIAN BILATERAL ECONOMIC AND POLITICAL RELATIONS. IMADI AGREED AND SILENTLY THOUGHT MATTER OVER.

NOTE BY OC/T: NOT PASSED ABOVE ADDRESSEE.

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P 191421Z DEC 75

FM AMEMBASSY DAMASCUS

TO SECSTATE WASHDC PRIORITY 5615

AMEMBASSY JIDDA PRIORITY

C O N F I D E N T I A L SECTION 2 OF 2 DAMASCUS 5088

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7. IMADI THEN ASKED IF WE COULD ADVISE HIM WHAT OTHER ARAB COUNTRIES HAVE DONE OR DOING TO RESOLVE DOCUMENTATION PROBLEM AS IT RELATES TO OUR OFFICIAL ASSISTANCE PROGRAMS, SPECIFICALLY MENTIONING EGYPT, LIBYA, IRAQ, JORDAN AND SAUDI ARABIA. AMBASSADOR PROMISED TO CABLE OUR MISSIONS AND REQUEST SUCH INFORMATION. (COMMENT: WE ARE DOING SO IN LOW-KEY, SEPARATE GENERAL-REQUEST-FOR-INFORMATION TYPE MESSAGE SENT TO THESE POSTS.)

8. IMADI RECALLED THERE ARE TWO FORMUALS BY WHICH PROBLEMS IS SOLVED UNDER IBRD FINANCING: A. BOYCOTT LANGUAGE CLAUSE APPEARS IN TENDER OR CONTRACT, BUT FINAL CLAUSE OF DOCUMENT STATES THAT SUCH BOYCOTT CLAUSE IS INAPPLICABLE; OR B. NO BOYCOTT LANGUAGE APPEARS IN TENDER OR CONTRACT DOCUMENTS, BUT

FINAL CLAUSE STATES THAT "SYRIAN LAWS IN FORCE SHALL APPLY,Z
AN INDIRECT REFERENCE TO BOYCOTT LAWS WHICH INCLUDED IN SYRIAN
LAWS. HE DID NOT KNOW WHAT PROCEDURES WERE INVOLVED WITH
OTHER DOCUMENTATION (L/C'S, INSURANCE, SHIPPING AND EXPORT
DOCUMENTS, BILLS OF LADING, ETC.), BUT ASSUMED STANDARD
LANGUAGE REQUIRED BY SYRIAN LAWS IS APPLIED, IE., BOYCOTT
LANGUAGE DOES APPEAR ON SUCH DOCUMENTS. IMADI REALIZED THIS
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COULD NOT RPT NOT BE THE CASE FOR US ASSISTANCE AND THUS ASKED
US TO RESEARCH PRACTICE IN OTHER ARAB COUNTRIES.

9. COMMENT: IMADI OBVIOUSLY WENT OUT ON A LIMB LAST MAY
WITH THE PL 480 TENDERS AND GOT BURNED BECAUSE OF HIS ACTION,
HE ADMITS HE CANNOT PREDICT HOW SUCCESSFUL HE WILL BE IN

ELIMINATING ALL RPT ALL BOYCOTT LANGUAGE FROM ALL RPT ALL
DOCUMENTS RELATING TO OUR OFFICIAL ASSISTANCE. AS WE NOTED IN
PARA 5, DAMASCUS 4909, OUR PROJECT AGREEMENTS, TENDER REQUESTS,
IFB'S, ETC., HAVE NOT RPT NOT CONTAINED ANY BOYCOTT LANGUAGE.
HOWEVER, THIS MAY WELL NOT BE CASE WITH L/C'S B/L'S., ETC.
IMADI DOES WANT TO WORK WITH US TO RESOLVE PROBLEMS AND WE
SHOULD BE AS HELPFUL AND FORTHCOMING AS WE CAN IN RETURN.

10. WE FACE DEFINITE POSSIBILITY THAT ENTIRE BILATERAL ECONOMIC
EFFORT THAT WE HAVE SO CAREFULLY NURTURED SINCE OUR RETURN TO
SYRIA IN JUNE 1974 WILL BE CANCELLED -- WITH ATTENDANT SERIOUS
POLITICAL RISKS.

11. ACTION REQUESTED: EARLY DETAILED GUIDANCE ON BOYCOTT QUES-
TION AS IT RELATES TO US ASSISTANCE SO THAT WE MAY HAVE FURTHER
EXCHANGE WITH IMADI AS WE BOTH WORK TO RESOLVE THIS THORNY
QUESTION, AND AT SAME TIME CARRY OUT CURRENT USG ANTI-BOYCOTT
PROCEDURES, E.G.,

A. PROVIDE US DETAILED DEFINITION OF WHAT IS MEANT BY
"EXPLICIT CONDITIONS RESTRICTING TRADE ON BASIS OF ...BOYCOTTS"
(PARA 4, STATE 284170). WHAT IS ACCEPTABLE LEGAL LIMIT ON
LANGUAGE CONTAINED IN DOCUMENTS USG USES (ANY OF OUR ASSISTANCE
DOCUMENTATION)? CERTIFICATE OF ORIGIN PRESUMABLY IS
ACCEPTABLE, BUT IS ANY MENTION OF ISRAEL BY NAME UNACCEPTABLE,
AND IS ALL LANGUAGE CONTAINED PARA 4 STATE 278485 UNACCEPTABLE?
WHAT LANGUAGE IS ACCEPTABLE UNDER US LAW?

B. ARE ANY OF THE PROVISIONS IN STANDARD SYRIAN L/C
(PARA 2 F, DAMASCUS 4769) ACCEPTABLE OR ARE NONE OF THEM
ACCEPTABLE UNDER GUIDELNES OF PARA 4, STATE 278485?
MURPHY

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